SOCIAL SERVICES FOR YOUTH AND ELDERLY

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by

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This paper has been written for discussion purposes.

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I. INTRODUCTION

As a society, we have never been particularly good at dispensing our misery in equal doses. Whenever our economy goes into a recession, the impact of that recession falls more heavily upon some groups than upon others. When the recession is as deep and as long lasting as that of the present, the outlook for these sensitive groups is particularly bleak.

The young and the unskilled have traditionally been hardest hit by economic recessions and the current situation is no exception. Our present malaise, however, has created another group - the older worker, who finds his or her skills increasingly redundant in a rapidly changing economy.

Recessions have been a fact of economic life throughout the history of industrial economies. Every fifty years or so, however, a recession takes on a particularly severe dimension as the economic structure of a country undergoes a pronounced shift. As a part of this shift, new jobs requiring new skills are created and old jobs requiring older skills are made redundant. The casualties of such a shift are, of course, the older workers in the redundant jobs.

Economists tend to differentiate between three types of unemployment and this differentiation is important in clarifying the problems faced by the two groups identified above - the young worker attempting to enter the labour force and the older worker faced with job redundancy. Demand-deficiency unemployment is the traditional recessionary

unemployment insofar as it occurs when employers are forced to lay off workers in the face of reduced demand for their products. The reduced demand may result from an over supply of goods or an actual decrease in demand due to income reductions or high interest rates. Structural unemployment, by contrast, occurs as a result of shifts in the demand for labour and the resulting redundancy or over-supply of some skills. The third type of unemployment, which is called frictional, is largely irrelevant to this paper, insofar as it refers to the type of unemployment which results from increased job changes among workers during "boom" periods.

In reviewing the problems faced by these groups, this paper will argue that the unemployment problems of the younger worker are primarily "demand deficiency" in nature, while the older worker faces severe structural unemployment problems. These problems are particularly acute in the Western Ontario Growth Corridor because of the nature of our local economy. Further, this paper will argue that there is no "quick fix" for the problems we face but rather a number of smaller measures which could be taken to ease the plight of these two groups. Finally, the paper will suggest that we, as a society, are faced with an important moral challenge in dealing with this relatively unique situation.

II. THE NATURE OF THE PROBLEM

A. The Statistical Profile:

During 1982, in Canada, males and females aged 17 to 19 had the dubious distinction of having the highest unemployment rate in the country. Over a quarter of the males and a fifth of the females in this age group were unemployed. Twenty to twenty-four year olds were only slightly better off than their younger cohorts. (Table 1). Ontario rates were slightly lower than the national rates but almost 20% of both sexes aged 15-19 were without a job.

The rate for older workers was considerably lower at 7 and 6.5% for males and females respectively. This, however, still represents a significant increase from the more traditional levels of 3 to 4 percent for this age group.

Within both groups, single males were the hardest hit, followed by married females.

Comparative figures are, unfortunately, not available for our particular geographical area. We do know that during the recession, our unemployment rate rose from its traditional place below the national average to exceed that of the country as a whole. To a considerable extent, this was due to our dependence upon the recession-sensitive heavy industrial sectors. Generally speaking, this dependence caused us to enter the recession earlier, to go in deeper and to stay in longer.

There are, however, no specific figures available pertaining to local unemployment rates among the two age groups which are addressed in this paper. It is probably

safe to assume that our rates among these groups exceed the national rates, given our higher than average overall rate. This is particularly true of the older worker who has found his or her skills to be redundant because of structural changes. The local economy, again because of our dependence upon heavy manufacturing, is particularly vulnerable to these structural shifts.

In summary, then, during 1982, over half a million young Canadians, between the ages of fifteen and twenty-four were unable to find work. A further 78,000 older workers, (55-64) found themselves without jobs. These two groups represented 49% of our unemployed, despite the fact that they represent only 36% of our population. In terms of sheer numbers, the young workers were the hardest hit with rates approaching 25% in some groupings.

Corresponding figures are not available for our local area but, given our high rate of overall unemployment and the nature of our labour force, the magnitude of our problems probably exceed those of the national average.

No profile of unemployment is complete without reference to the problem of "discontented workers" - those who have withdrawn from the labour force because of a perceived futility in searching for work. Within the monthly labour force survey, Statistics Canada identifies the number of persons who are not in the labour force because they believe there is no work available. These results, for the country as a whole, are presented in Table II.

Among the 15-24 group, 29,000 or 28% of non-participants in 1979 were out of the labour force for this reason during the reference week studied. By 1983, the number had

increased to 59,000 or 37% of non-participants in the labour force.

Among the older group (45+), the number increased from 21,000 to 59,000 or 32% of non-participants to 52%.

The discouraged worker effect, which is present in all age groups appears to be much stronger, then, in the older group. Among this group, the effect is particularly pronounced among females, where 58% of non-participants believed that no work was available.

B. The Young Workers and the Recession:

Demographically, the young workers who are now facing 20 percent-plus unemployment, are the latter half of the baby-boom which sent birthrates skyrocketing during the fifties and early sixties. Birthrates rose dramatically between 1946 and 1957 before falling back to more traditional levels by 1965. The present group of 15 to 24 year olds were born between 1959 and 1968 while birthrates were still high but falling from their 1957 peak.

This explosion in birthrates has created a "big generation" of Canadians, as described by futurist John Kettle in his excellent book. As this big generation began leaving high school, college and university to enter the labour force, terrific pressures were exerted upon the employment market to absorb this influx of labour force entrants. The impact of this "tidal wave" upon the employment market was further increased by the rapid rise in labour force participation among females in this baby-boom generation.

These two factors combined to give Canada the fastest growing labour force of all the Western industrial nations during the sixties and seventies (Table III). Fortunately, we also had the fastest rate of employment growth - thus unemployment, although rising, was held in check. Then in 1981, our employment growth came to an abrupt halt and in 1982, employment actually fell. It fell a staggering 12% among the 15-24 group. Those who were newly hired were the first to be laid off and those who were attempting to just enter the labour force, encountered very few want-ads.

One of the major sources of the exorbitant unemployment among the young, then, is demographic in nature - the sheer size of their generation was flooding the labour market. They could be absorbed only so long as the economy continued to expand at full tilt. Any dip in the business cycle was bound to have traumatic results, given these demographic pressures upon the labour market.

Unfortunately, an economy moving at full tilt is also prone to inflation and when the decision was made to fight inflation and high interest rates were invoked to slow the rate of expansion, the "dip" in the business cycle became a "slide" and unemployment, particularly among the young, skyrocketed.

Most forecasters are projecting a continuing high rate of unemployment during the first few post-recovery years because labour force growth will continue to exceed employment growth in the post-recovery economy of the eighties. It is the tail-end of the baby-boom generation who will bear the brunt of this problem. Their older brothers and sisters, born between 1946 and 1958, are more firmly entrenched in the labour force because of their greater number of years of

employment. They entered the labour market during the growth years of the seventies and have enough seniority behind them to avoid some of the layoffs. As an age cohort, they experienced an unemployment rate of 9% in 1982, as compared to the 19% experienced by their younger siblings.

These young workers, then, have been the victims of two factors which have combined to create an unemployment rate in excess of 20%. Firstly, they are victims of their own birthdates. They are the tail end of a big generation which has flooded the labour force during the past decade. Secondly, they are the victims of a policy-induced recession which has diminished the size of the employment market just as they were attempting to enter.

As suggested earlier in this paper, these problems are particularly acute in the local area, given our dependence upon heavy manufacturing.

C. The Older Workers and Structural Change:

The older workers' problems tend to come from another source - the structural change occurring in the labour force which is leaving some skills in a low demand situation. These structural changes occur on a continual basis as industrial sectors adapt to changing demand and new technologies. It is this change that has been at the root of the long held fear of automation on the factory floor. Such changes have led to a continually decreasing demand for unskilled labour since the beginning of the century.

During the present time, however, the effects of these structural changes upon employment have been more pronounced because of a number of interacting trends.

Firstly, the recession has tended to accelerate the effects of the structural change. Companies, for a variety of reasons, are apt to retain "redundant" workers as they deal with their own structural changes through retirements and regular labour flow activity. During a recession, however, redundant workers tend to be laid off and are less apt to be recalled. Consequently, a change which usually occurs over the course of years, suddenly occurs in a matter of months and the effect of the change is considerably more pronounced, as a result.

Secondly, we are presently in the midst of a significant geographical shift in industrial capacity. During the past twenty years, for example, the steel industries of the Far East have grown at a rapid rate and now represent serious competition to the steel industries of North America. Given their traditionally low wages, their labour costs tend to be far below those of Canada and, as a result, our own steel industries are attempting to increase their productivity at a substantial rate. Canadian steel industries have been more successful than their counterparts in the U.S. in this regard, but this success has undoubtedly been accomplished with a cost in employment.

Such changes are not unique to the steel industry, but are, in fact, at work in all multi-national sectors.

Thirdly, the rapid developments in micro-electronics and computer technologies during the past decades, have now interjected a considerable component of structural change into the previously immune sector of white collar employment.

Fourthly, our present rate of structural change appears to have been accelerated as a result of the actions of a

recurring "long wave" in economic development. According to this theory, industrial economies tend to slip into a deep and prolonged recession every fifty years or so as a result of an acceleration of technological change and shifting demand. These waves were first identified by a Russian economist named Kondratieff during the twenties and have re-emerged more recently in the works of such global forecasters as Jay Forrester.

During these pronounced recessions, according to present theories, the economy undergoes a massive structural change. Old sectors have reached a saturation point in terms of supply and demand, while new sectors emerge and grow to lead the economy into another phase of growth and expansion. While this change is occurring, the demand for skills also undergoes a pronounced shift as the skills required by "older" industries become increasingly redundant.

The last time a shift of the present magnitude occurred was fifty years ago, during the Great Depression. In retrospect, the thirties represented a major watershed in the development of the Canadian economy. One fifty-year wave of development had ended and a new one had yet to commence.

The previous wave, which ended in the crash of 1929, had been based upon the opening of the west as an agricultural power, the building of the railway and the development of automobiles. The demand for steel and manufactured goods was high and the industries of the Hamilton area grew rapidly. This was, in fact, the most rapid period of growth in Hamilton's history.

This wave of growth and expansion, however, had largely expended itself by the mid-twenties. Markets were

saturated and money was tight as interest rates began to climb. Finally, the economy stalled in 1929 and we spent ten years languishing in a depression.

It should be noted, at this point, that one of the most important differences between the depression of the thirties and the situation of today, is that of the devastating effects of the drought which occurred between 1937 and 1940. The catastrophic consequences of this natural disaster pulled a recession economy into the depths of one of the worst depressions in recorded history.

With the exception of the drought, however, the dynamics of the Great Depression were very similar to those of to-day's recession - a drastic reduction in business activity and rapid structural change. Concerning the latter, for example, a 1932 McLeans article quoted Dr. Howard Scott of Columbia University - "Technological improvements have come with such rapidity in the last three years that only 55% of workers thrown out of employment by the current depression could be re-employed if industry resumed operations at the 1929 peak of production".

Concerning the problems of the young, a 1933 article in the same magazine, quoted Dr. R.C. Wallace, President of the University of Alberta - "One of the most depressing situations in connection with the economic difficulties of the present time is that young men and women...find it extremely difficult to obtain employment. It is a tragedy when men and women at that stage of life have their hopes broken and their dreams shattered".

The similarities between these quotes and those which appear in the media of today, serve to illustrate the similarities between our present problems and those of the thirties. Consequently, the events of the depression and

the subsequent recovery may hold some lessons concerning the problems of today.

It was, of course, the war which pulled our economy out of the depression of the thirties. Thousands of unemployed young men joined the military and orders began pouring into the steel mills, the mines and almost all of the sectors of our industrial economy. There was, however, a very real concern among our national planners that the end of the war would bring a return of the depression.

The post 1946 economy, however, remained generally buoyant as a result of the expression of the repressed demand of the war years. The rebuilding of Europe required Canadian exports and the domestic market was enlivened by the pent-up demand for housing, cars and appliances by the returning veterans. The baby-boom, urbanization, rapid population growth, the automobile, oil, and the development of newer industries such as plastics and electronics, all interacted to lead our national economy into another wave of growth during the fifties, sixties and seventies.

The fears of a post-war depression, therefore, proved unwarranted, as did Dr. Scott's prognosis of the disastrous effects of technological change. Now, however, the post-war wave appears to have expended itself. Europe has been rebuilt, population growth has slowed, the urban infra-structure is nearly complete and overseas competition is threatening the automobile industry.

The Western Ontario Growth Corridor was a major recipient of this post-war prosperity. Most of the growth sectors were large consumers of steel and the products of our heavy manufacturing sector were in demand.

During the heyday of this wave, however, the economy began to undergo a significant structural shift from an industrial economy to a serviced based post-industrial complex. In 1957, the size of the manufacturing sector as a component of our gross national product peaked and, within ten years, employment in the service sector surpassed that of the manufacturing sector. Our national economy began to diversify rapidly and, it is at this point, that the economic wave began to leave the Hamilton-Wentworth area behind.

The rate of diversification in the Hamilton-Wentworth area was much slower than elsewhere. The growth rate of our service sector lagged and we remained a manufacturing based economic region. We were, therefore, very vulnerable to the recession of 1982 which affected the manufacturing sector to a far greater degree than the service sector.

The next wave of economic development is expected to be led by such high technology industries as micro-electronics, bio-medical engineering and environmental technology. The effects of this coming wave upon the Western Ontario Growth Corridor remains to be seen. In the meantime, however, we are faced with the significant problems of unemployment among those workers who are displaced by the course of this change.

III. THE ROLE OF SOCIAL SERVICES

The present social service system is largely a product of the values and circumstances of the post-war era. It, therefore, tends to reflect the prevailing attitudes of that prosperous period. Principal among these attitudes was the belief that the economy could be "managed" through the manipulation of Keynesian principles. Prolonged high levels of unemployment, therefore, were judged to be a thing of the past. If unemployment did rise, it was expected to be a short-lived temporary phenomena.

Intrinsic within this attitude, was the idea that there must be something "wrong" with the unemployed person if they remained unemployed for very long. Services of a rehabilitative nature were, therefore, developed to change the characteristics of the unemployed person in terms of education and attitudes.

The possibility of prolonged unemployment for reasons of demography and economic change is a new situation. We now face this possibility not because of the characteristics of the unemployed, but because of the characteristics of the world in which they live. If this somewhat gloomy scenario is accurate, then the emphasis in services needs to change from rehabilitation to helping the person cope with their state of unemployment.

Insofar as the nature of the programs within the social service system tends to reflect the point of view of prosperity, the ability of these services to deal with a prolonged period of unemployment is debatable. In examining

this question, the remainder of this paper will review the implications for the younger and older workers and examine impacts upon the three major sectors of our service system - income maintenance, personal social services and community development.

A. Income Maintenance Programs and Pension Issues:

The design of our present income maintenance system was based on the belief that unemployment would be of a relatively short duration. Unemployment insurance benefits last for twelve months and the general welfare system was designed to provide short-term emergency assistance. The benefits of the latter system are too low to provide an ongoing income for either singles or families.

Longer term support programs have been implemented for such special groups as the disabled and the single parents, but those programs are not relevant to the majority of the unemployed.

If the prospect of prolonged unemployment does appear to be a likely scenario, then a reasonable guaranteed income program, with increased benefits, would appear to be a necessity.

The income problems of the older worker have the added dimension of pension entitlements. This group have lost their jobs at the point where they were approaching maximum contribution levels to their pension plans. The loss of these contributions, through unemployment, will have two severe impacts. Firstly, the plans will suffer in terms of reduced contributions at a point in time when their expenditures are rising due to the rapid number of retirements

during the mid to late 1980's. Secondly, the potential entitlements of the unemployed worker will be reduced substantially due to their unemployed status during their critical years just prior to retirement.

Unemployment among the older workers, then, not only reduces their present income, but can have a devastating effect upon their future pension incomes. Their depleted pensions will require significant supplements to raise their income to a reasonable level through the Guaranteed Annual Income program for seniors. (GAINS).

B. Personal Social Services:

The prevailing literature on the subject, although sparse, suggests the following scenario -

1) The initial impact is on the material needs of the unemployed persons. The agencies which directly provide food and shelter are, therefore, the first sector to experience an increased demand for service. This occurs during the first year of high unemployment and we now appear to be in this phase in Hamilton-Wentworth.

The young, in turn, are the first to use this service because they tend to have fewer financial reserves. The older workers tend to have more reserves to fall back on and, in many cases, their children have left home and the "number of mouths to feed" has diminished.

2) The impact upon non-material services occurs two to three years after unemployment has risen and tends to be felt in the inpatient, mental health sector. This impact is particularly pronounced among older workers. The fact that

the impact is felt upon inpatient rather than outpatient services, suggests that the unemployed person tends to delay help-seeking until the problem has reached such a severe level that inpatient treatment is required.

3) Impacts elsewhere in the system tend to follow a model of stress-induced reactions. That is, persons faced with prolonged periods of high stress tend to react with symptoms of either aggression or withdrawal. The former leads to such problems as wife or child abuse, while the latter can lead to depression or suicide. These impacts tend to be expressed in the mandatory protective service sector - i.e. Children's Aid Societies. Given these general results from the literature, the most likely scenario for the effects of a prolonged period of unemployment in the Hamilton-Wentworth area, is as follows -

1982 - major rise in unemployment;

1983 - rapid increase in demand upon the material assistance sector, particularly by young persons. Minimal to moderate impact upon other sectors. Older group tending to rely upon UIC and savings with growing need for credit counselling;

1984 - growing impact upon inpatient mental health services and protective services by both younger and older workers. High demand for credit counselling, particularly among older group;

1985 - peak impact upon inpatient and protective services. Growing impact upon outpatient and counselling services for discharged inpatients.

The ability of agencies to meet the projected increases in demand is tenuous insofar as most service sectors are already operating at capacity. Solutions to this problem

could be found in a combined strategy of increased funding and the enhancement of selective care modalities such as self-help groups.

In summary, the effects of prolonged unemployment upon the personal social service needs of the younger and older worker tend to ripple through the system in a temporal manner. Two major problems are suggested -

1) Capacity of agencies to meet existing demand.

2) The apparent delay in help-seeking by the unemployed persons until problems have reached a severe stage. A higher utilization of outpatient and counselling services, earlier in the temporal sequence, could prevent the development of severe problems and the corresponding need for inpatient and protective services.

C) Community Development Services:

Community development services tend to be ignored in discussions of unemployment and this omission is unfortunate. Such services can play a crucial role, particularly among the young in terms of channelling the frustrations and angers of young persons who have been precluded from meaningful work. The feelings of helplessness that arise from such a state, can be the most devastating and long lasting of all the psychological impacts.

During the crucial stage of identity formation which is the hallmark of young adulthood, it is critical that the individual develop a sense of some control over their destiny. Few factors can be more destructive at this stage than the helplessness of prolonged unemployment.

Community development services can play a critical role in assisting the unemployed in organizing themselves for political, economic and social action. Successful examples of these initiatives include political lobbying groups, self help groups, recreational social groups and co-ops. All of these activities serve the primary purpose of demonstrating that the unemployed person can take action, on their own behalf, to mitigate the effects of their joblessness.

IV. CONCLUSIONS

1) Given the causal factors which underly the present high rates of unemployment among our younger and older workers, we appear to be faced with the prospects of a prolonged period of unusually high unemployment. These causal factors include elements of demography, government policy and basic dimensions of economic change.

2) Our present service system was designed during a period when prolonged unemployment was viewed as an unlikely scenario. As a result, important changes are required if we are to meet the basic needs of our unemployed younger and older workers.

3) Income maintenance programs need to be revised within the general format of a guaranteed income with increased benefit levels.

4) Pension supplements will need to be increased.

5) Personal social services will need to expand and adopt new modalities. A change in orientation from employment rehabilitation to an enhancement of coping skills will be required.

6) Community development services could play a crucial role in helping unemployed persons express their inevitable frustration in productive ways.

7) All of this will, of course, cost more money and this is the cost that must be borne by those of us who still have jobs. It is at this point, that the problem of unemployment ceases to be an economic or social problem but becomes a

moral problem. Unfortunately, we are loathe to discuss it within this context but such a discussion is imperative. As long as we assume that it is an economic problem with economic solutions, then we will fail to address the issue effectively.

The fact that we do not have enough jobs to go around may be an economic issue but the choice of how we, as a society, should respond, is a question of morality. Until the time comes when we are able to deal with the issue on this level, we will continue to act like ostriches with our heads comfortably planted in the sand.

V. TABLES

TABLE I

Unemployment Rates by Age and Marital Status

1982 Annual Averages

Canada	Age	Both Sexes %	Males %	Females %
	15-16	18.1	19.2	16.9
	17-19	23.1	26.3	19.6
	20-24	16.9	19.0	14.3
	25-44	9.3	9.1	9.7
	45-54	7.0	6.7	7.4
	55-64	6.9	7.0	6.5

Ontario	Age	Both Sexes
	15-19	19.6
	20-24	15.4
	25-44	8.1
	45-54	6.5
	55-64	6.2

Canada		15-24	45-64
	Single Males	22.5	10.2
	Single Females	15.9	5.7
	Married Males	15.4	6.2
	Married Females	16.0	6.7

Source: Statistics Canada, Labour Force Survey, January, 1983.

TABLE II

Reasons for not Seeking Work

Canada, March 1979 and March 1983

	15-24		45 and over	
Both Sexes	1979	1983	1979	1983
Believe no work is available	27.8	37.1	31.8	52.2
Awaiting replies	15.3	13.2	10.6	7.1
Awaiting recall	14.4	15.7	18.2	18.5
Males				
Believe no work is available	24.1	36.7	36.1	46.4
Awaiting replies	17.2	15.0	11.1	8.9
Awaiting recall	18.9	20.6	22.2	26.7
Females				
Believe no work is available	30.4	37.5	27.6	57.8
Awaiting replies	10.8	11.1	--	--
Awaiting recall	10.8	11.1	13.8	10.8

Source: Statistics Canada, Labour Force Survey, April, 1983

TABLE III

PERCENTAGE GROWTH IN LABOUR FORCE 1960-75 and 1975-90

	Actual 1960-75 Experience	Projected for 1975-90
Australia	45.4	34.0
Austria	-11.3	14.2
Belgium	8.9	11.7
Canada	55.3	32.7
Denmark	18.7	12.1
Finland	7.0	6.4
France	12.7	14.0
Germany	-0.5	4.9(b)
Greece	-10.3	13.5
Iceland	36.8	26.9
Ireland	2.0	16.3
Italy	-6.4	7.3
Japan	17.1	12.9
Luxembourg	10.8	1.4
Netherlands	19.8	17.6
New Zealand	37.9	26.3
Norway	19.9	15.3
Portugal	18.8	23.5
Spain	13.5	19.8
Sweden	12.8	11.6
Switzerland	8.6	8.7
Turkey	24.9	53.5
United Kingdom	5.3	9.3
United States	31.4	28.1
Yugoslavia	10.2	5.7
Total(a)	16.4	19.3

a) Equivalent to weighted average
b) Projected growth of the German labour force is 2.1 per cent

Source: Demographic Trends 1950-1990, Organisation for Economic Co-operation and Development, Paris, 1979.